

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NOS. 1997-79-C AND 1997-80-C - ORDER NO. 2005-498

SEPTEMBER 22, 2005

IN RE: Request of United Telephone Company of the Carolinas for Approval of Revisions to its Access Services Tariff Removing Coin/Pay Telephone Services as Tariffed Offerings in Response to FCC Order No. 96-128 and for Approval of Revisions to its General Subscriber Services Tariff in Response to the FCC Order No. 96-128 Regarding Payphone Deregulation.)	ORDER APPROVING
)	MOTION AND
)	ADOPTING
)	SETTLEMENT AND
)	RESULTING TARIFFS
)	
)	
)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) on the Request of United Telephone Company of the Carolinas (“Sprint”) for approval of Revisions to its Access Service Tariff and General Subscriber Service Tariff in Response to the FCC Order No. 96-128 Regarding Payphone Deregulation. Sprint entered and filed with this Commission a Mutual Settlement Agreement with the South Carolina Public Communications Association (“SCPCA”) on August 18, 2005.

The SCPCA is an association whose members are primarily independent payphone providers (“IPPs”) who provide payphone service to the public in South Carolina. Sprint is an incumbent provider of telecommunications services within its defined service area of South Carolina. The services provided by Sprint include, but are not limited to, Public Telephone Access Service (“PTAS”) to IPPs. Sprint is a South Carolina corporation and a telephone utility under the jurisdiction of this Commission.

This action was initiated 1997 by the SCPCA which alleged that Sprint's PTAS rates exceeded the cost of providing PTAS service. They requested that this Commission establish rates for PTAS service provided by Sprint that would be cost based and in the public interest. In response, Sprint alleged that its respective rates for PTAS service were below their cost of providing PTAS service.

The parties have agreed that the Settlement Agreement, which they have asked for Commission approval of, serves as a final resolution of all issues, claims, and disputes that either of the parties could pursue in any state or federal proceeding related to the matters described in the Agreement.

In brief, some of the key terms of the Settlement Agreement provide that Sprint file the Settlement Agreement with the Commission along with tariff revisions to reflect the negotiated PTAS line flat rate of \$31.00, with no local per minute charges, agreed to by the parties. Further, Sprint will make certain PTAS-related features available at no charge as of June 24, 2005. Subscriber Line Charge and regulatory fees and charges will not be eliminated and will be charged in addition to the negotiated PTAS line flat rate. Sprint further agrees that it will not increase the negotiated PTAS line flat rate for a period of at least five (5) years except in conjunction with increases in its single-line business (B1) rate. The parties finally agreed that the tariff revisions will become effective on the Effective Date (the date the agreement was approved by the Commission – September 1, 2005) and will apply on a prospective basis only. Finally, the parties agreed that they would jointly move for this Order and that the SCPCA would move to dismiss its complaints in the above captioned dockets. The remaining specific terms of

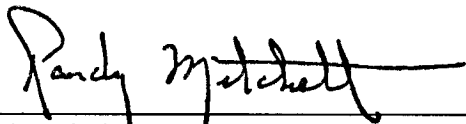
the Settlement Agreement are contained in the Agreement which is attached as Exhibit 1 to this Order.

We have examined the Settlement Agreement and hold it should be granted. We find the terms of the settlement agreement fair and reasonable and therefore approve the settlement agreement as a final resolution of the matter and issues pending in these cases.

We have additionally examined the tariffs proposed by the Agreement and the resulting rate adjustments and find that they are fair and reasonable. We find that the resulting rates will benefit consumers, permit the parties to avoid further litigation, and provide certainty with respect to the rates charged for PTAS. We therefore also approve Sprint tariff revisions.

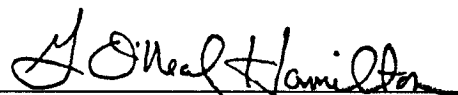
This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Randy Mitchell, Chairman

ATTEST:



G. O'Neal Hamilton, Vice-Chairman

(SEAL)

DOCKET NOS. 1997-079-C, 1997-080-C

MUTUAL SETTLEMENT AGREEMENT AND RELEASE

This Mutual Settlement Agreement and Release (hereinafter "Settlement Agreement") is made by and entered into between and among the South Carolina Public Communications Association ("SCPCA") and United Telephone Company of the Carolinas ("Sprint"). The SCPCA is an association whose members are primarily independent payphone providers ("IPPs") providing payphone services to the public in South Carolina. Sprint is an incumbent provider of telecommunications services within its defined service area of South Carolina. The services provided by Sprint include, but are not limited to, Public Telephone Access Service ("PTAS") to IPPs. Sprint is a South Carolina corporation and a telephone utility under the jurisdiction of the Public Service Commission of South Carolina ("Commission"). This Settlement Agreement may refer to either SCPCA or Sprint or both as a "Party" or "Parties." This Settlement Agreement shall be effective upon approval of the Commission ("Effective Date").

WHEREAS, SCPCA has alleged that Sprint's PTAS rates exceed the cost of providing PTAS service, and has requested that the Commission establish rates for PTAS service provided by United that are cost based and in the public interest; and

WHEREAS, Sprint has alleged that its respective rates for PTAS service are below Sprint's cost of providing PTAS service; and

WHEREAS, the Parties disagree as to whether the rates are required under applicable law to be cost based and, if so, what cost standard should be used to determine the cost of providing PTAS service; and

WHEREAS, SCPCA and Sprint have agreed to resolve the issues, claims, and disputes concerning or relating directly or indirectly to the matters described herein; and,

WHEREAS, it is in the public interest to resolve these issues, claims, and disputes without further delay; and

WHEREAS, SCPCA and Sprint intend that this Settlement Agreement also resolve all issues, claims and disputes that either Party could pursue in any state or federal proceedings involving facts and issues related directly or indirectly to the matters described herein, and shall apply to all unknown and unanticipated damages resulting from the matters described herein, as well as to all damages now disclosed;

NOW, THEREFORE, in consideration of the mutual promises, agreements, and covenants contained herein, the sufficiency of which is acknowledged by the parties to the Settlement Agreement, SCPCA and Sprint agree as follows:

1. **Settled Claims.** This Settlement Agreement resolves all of the Parties' disputes regarding Sprint's rates for PTAS service, including PTAS line rates, rates for associated PTAS features, and per-message charges associated with PTAS service ("Settled Claims").

2. **Consideration.** As full and final settlement of the Settled Claims, SCPCA and Sprint agree to undertake the following:

- A. Within ten (10) business days after execution of the Settlement Agreement, Sprint will file the Settlement Agreement with the Commission, along with tariff revisions for Sprint as necessary to reflect the terms of the Settlement Agreement.
- B. Sprint will prepare and file tariff revisions to reflect the negotiated PTAS line flat rate of \$31.00 agreed to by the Parties. PTAS service will be provided at the negotiated flat rate and no local per-minute charges will apply.
- C. Sprint will prepare and file tariff revisions to reflect that PTAS-related features will be made available at no charge. These features include Answer Supervision, Coin Control, and all Blocking and Screening Services available to PTAS subscribers as of June 24, 2005. The Subscriber Line Charge, and regulatory fees and charges will not be eliminated and will be charged in addition to the negotiated PTAS line flat rate.
- D. Sprint will prepare and file tariff revisions eliminating the measured PTAS line rates, including the per-message charge.
- E. Sprint agrees that, for a period of at least five (5) years from the Effective Date, it will not increase the negotiated PTAS line flat rate except in conjunction with increases in its single-line business (B1) rate, and Sprint will not increase the negotiated PTAS line flat rate by a greater percentage than increases, if any, to Sprint's single-line business rate.
- F. The Parties agree that the tariff revisions will become effective on the Effective Date and will apply on a prospective basis only. The Parties expressly recognize that the new PTAS rates are negotiated rates, and that no amounts will be due to

any Party as a result of any adjustment in PTAS rates or rates for associated features.

- G. The Parties agree that they will jointly move for an Order of the Commission approving the terms and conditions of the Settlement Agreement, and will request that the Commission approve Sprint's associated tariff revisions.
- H. The SCPCA will ask the Commission to dismiss with prejudice its complaints in Docket Nos. 1997-079-C and 1997-080-C. The Parties will jointly request that the Commission close the referenced dockets.

3. **Mutual Release.**

- A. SCPCA, for itself and on behalf of its members, agents, officers, directors (in their individual and representative capacities), predecessors, affiliates, successors, assigns, heirs, executors, administrators and trustees ("SCPCA Releasers"), hereby fully releases and forever discharges Sprint and its past and present employees, agents, shareholders, officers, attorneys, directors (in their individual and representative capabilities), subsidiaries, predecessors, affiliates, parent corporations, if any, joint ventures, successors, assigns, heirs, executors, administrators, and trustees ("Sprint Releasees") from any and all rights, claims, actions, causes of action, damages, obligations, losses and expenses of whatsoever kind or nature arising out of the Settled Claims, whether in law, admiralty, mediation, arbitration administrative, equity or otherwise.
- B. Sprint, on behalf of itself and its employees, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, predecessors, affiliates, parent corporation, joint ventures, successors, assigns, heirs, executors, administrators and trustees ("Sprint Releasers"), hereby fully

releases and forever discharges SCPCA and its past and present members, agents, officers, attorneys and directors (in their individual and representative capabilities), predecessors, affiliates, successors, assigns, heirs, executors, administrators, and trustees ("SCPCA Releasees") from any and all claims, rights, actions, causes of action, damages, obligations, losses and expenses of whatsoever kind or nature arising out of the Settled Claims, whether in law, admiralty, mediation, arbitration, administrative, equity or otherwise.

4. Effective Date and Governing Law. This Settlement Agreement shall be effective upon approval of the Public Service Commission of South Carolina and shall be governed and construed in accordance with the laws of the state of South Carolina without regard to its conflict of law principles.
5. Successors and Assigns. This Settlement Agreement shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capabilities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.
6. Costs. Each party agrees to be solely and exclusively responsible, without recourse to the other party thereto, for its own costs incurred in connection with this dispute.
7. Joint Efforts. This Settlement Agreement is and shall be deemed for all purposes to have been prepared for the benefit of and through the joint efforts of the Parties hereto and shall not be construed or interpreted against the Party originating or preparing it.

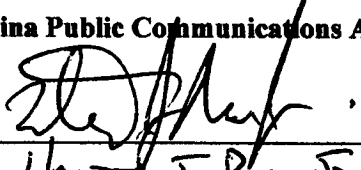
8. Authorized Representatives. Each Party represents and warrants that its representatives executing this Settlement Agreement are fully authorized to do so on its behalf.
9. Liability. SCPCA and Sprint understand and agree that this Settlement Agreement, any consideration given or accepted in connection with it, and the covenants made in it are all made, given, and accepted in settlement and compromise of disputed claims and are not an admission of liability or wrongdoing by either party. The PTAS rates established herein are the result of a mediated settlement conducted by the Office of Regulatory Staff of the State of South Carolina, and it is expressly recognized that the rates have not been established pursuant to a cost-based standard. Neither this Settlement Agreement nor any part of it may be used in any way against SCPCA or Sprint in any legal, equitable, or administrative action or arbitration, including without limitation any proceedings before the Commission to determine or otherwise examine or review Sprint's rates, fees, charges, and prices, except in an action to enforce, or seek damages for the breach of, this Settlement Agreement.
10. Counterparts. This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.
11. Legal Advice. Each Party hereto agrees that it has had the opportunity to seek and has sought from lawyers any such advice as it deems appropriate with respect to signing this document, or the meaning of it. Each Party has undertaken such independent investigation and evaluation as it deems appropriate and is entering into this Settlement Agreement in reliance on that information and not in reliance on any advice, disclosure, representation or

information provided by or expected from any other Party or Party's lawyers. This is an agreement of settlement and compromise, made in recognition that the Parties may have different or incorrect understandings, information and contentions, as to facts and law, and with each Party compromising and settling any potential correctness or incorrectness of its understandings, information and contentions as to the facts and law, so that no misunderstanding or misinformation shall be a ground for rescission hereof.

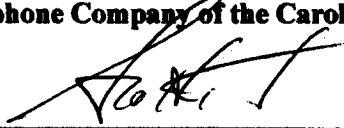
12. Entire Agreement of the Parties. This Settlement Agreement constitutes the entire agreement with respect to the subject matter contained herein and supersedes all prior agreements and documents regarding this subject matter. No terms or conditions of this Settlement Agreement may be modified or waived except by an instrument in writing duly signed by or on behalf of each of the Parties hereto and approved by the Commission.
13. Titles and Captions. Title and captions to each article and paragraph herein are for reference only and have no substantive meaning.
14. Severability. If any provision of this Settlement Agreement, or part thereof, shall be held invalid or unenforceable in any respect, the remainder of the Settlement Agreement or provision shall not be affected thereby, provided that the Parties shall negotiate in good faith to reformulate such invalid provision, or part thereof, or related provision, to as closely reflect the original intent of the Parties as possible, consistent with applicable law, and to effectuate such portions as may be valid without defeating the intent of such provision.

IN WITNESS THEREOF, SPCPA and Sprint have executed this Settlement Agreement by their duly authorized representatives in duplicate originals, each of which shall be deemed an original on the dates set forth below.

South Carolina Public Communications Association__

By: 
Name: Walter J. Rhee, Jr.
Title: PRESIDENT - SPCPA
Date: 7-22-2005

United Telephone Company of the Carolinas

By: 
Name: Scott Elliott
Title: Sprint Counsel
Date: August 18, 2005